

# City of Sutter Creek



*The Old Eureka Mine, established in 1851*

Fiscal Year 2011-12  
Adopted Budget June 20, 2011

## City Council

**Tim Murphy**  
Mayor

**Sandy Anderson**  
Council Member

**Jim Swift**  
Council Member

**Linda Rianda**  
Mayor Pro Tempore

**Gary Wooten**  
Council Member

City Manager  
Sean Rabe'

City Clerk  
Natalie Doyle

City Treasurer  
Victoria Runquist

Finance Director  
Joe Aguilar

City Attorney  
Derek Cole

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# City of Sutter Creek

Incorporated March 7, 1913

## CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and Council members  
DATE: June 17, 2011  
FROM: Sean Rabe, City Manager  
SUBJECT: Adopted 2011-12 Budget

The Fiscal Year 2011-12 Budget represents another austere financial plan. The City continues to cut spending, reduce programs and pursue ways of outsourcing functions to balance the budget. The Budget includes the City's recent organizational changes, program reductions, expense cutbacks and rearranged staffing levels. These changes include:

- Full year reduced spending in the Finance Department from outsourcing
- Full year pay reductions on FICA taxes for the General Labor group
- Full year reduced benefits in varied amounts for all labor groups
- Transfer of all field employees to Sewer & ARSA operations
- Using part-time help for facility maintenance
- Transferring street & right of way maintenance from General Fund to Gas Tax Fund
- Outsourcing street maintenance at reduced service levels
- Provides initial funding for costs associated with updating the General Plan
- Re-aligns and increases funding for sewer line replacements
- Allocates a portion of public works position to Gas Tax Street Maintenance

This document summarizes the key budget decisions in the first few pages and then shows the accounting details in the latter portion. We have further simplified our budget by eliminating three operating funds for better tracking. Other past year accomplishments include:

- Assisted one newly elected City Councilmember into their governing responsibilities
- Rearranged the City Council committee framework and re-assigned different members to each of the committees and/or board assignments
- Assimilated the newly elected City Treasurer into their financial oversight responsibilities
- Transferred the City Clerk duties to an employee who serves the City on a full-time basis
- Incorporated new City Attorney's legal approach into our administrative process
- Outsourced the Finance Department to a private accounting firm
- Hired a new auditing firm who has a much larger spectrum of governmental clients

Recommendations to consider in the coming year include, 1) Fine tune the realignment of staff duties and assignments after the recent re-organization and 2) continuing to solicit the outsourcing of City Services.

The City remains in a challenging financial position. With a balanced General Fund budget, the City continues to move forward in fulfilling its goals as laid out by the City Council. It is a pleasure working with the City Council, City staff and Consultants, and the residents of Sutter Creek.

Sean Rabe  
City Manager

Joe Aguilar  
Finance Director

## **BUDGET SUMMARIES**

### **Budget Resolution and Spending Exhibit**

A City Council resolution articulates and memorializes an action of the City Council. For this reason, the City of Sutter Creek practices adopting a budget resolution for approving its original budget for each fiscal year. The budget resolution narrative specifies the budget authority delegated to the City Manager and City staff for amending the budget. Changes to the budget beyond these authorizations require approval from the City Council. A summary of spending by department and fund serves as the “spending exhibit” to the budget resolution. This exhibit provides the specific authorizations for spending in each fund. The entire body of the budget provides greater detail of each budget request that in turn is summarized in the “spending exhibit”.

### **General Fund Budget Recap**

This schedule summarizes the budgeted revenue and expenditures for the upcoming fiscal year. Detailed account information by department is presented as the last schedules of the budget document. Authorized expenditures for each department are shown in total and are compared to total revenues. The summary also provides an estimated budget contingency targeted by the City Council for the budget year. This contingency provides a budget cushion for any unanticipated items that might affect the proposed budget. Following that schedule is a schedule detailing revenues for all funds by major source.

### **Revenue Projections – All Operating Funds**

This schedule shows the projected revenues for all City operating funds. The schedule segregates the revenues in each fund by type and source using the following categories:

• Taxes	• Uses of Money & Property
• Licenses & Permits	• Charges for Services
• Intergovernmental Revenues	• Other Revenue

### **Department Operating Budgets**

The Proposed Budget emphasizes departmental budgets and the funds used to support each department. The budget format provides detailed information about the activities of each department, including accomplishments for the prior year and the goals for the coming year. The financial data has been summarized into major categories to provide a policy level review of the various budgets. Each Department presentation includes the following:

- Department Description
- Past Year Accomplishments
- Major Projects or Programs Upcoming Year
- Budget Changes for Upcoming Year

**CITY COUNCIL**

The City Council is the policy making legislative body of the City of Sutter Creek. The City Council acts upon all legislative matters concerning the City, approving and adopting all ordinances, resolutions, and other matters requiring overall policy decisions and leadership. The City Council appoints the City Manager and the City Attorney as well as various commissions, boards, and citizen's advisory committees to insure broad-based citizen input into the affairs of the City. In reaching policy decisions, the City Council reviews proposals designed to meet community needs and sustain demanded service levels; directs staff to initiate new programs to upgrade existing services; determines the ability of the City to provide financing for the proposed budget; and, oversees the financial condition of the City.

**Past Year Accomplishments**

- Balanced budget with a targeted contingency amount;
- Response to Grand Jury Report;
- Directed numerous administrative changes in City;
- Modifications to City Committee structure;

**Major Projects or Programs for Upcoming Year**

- Continuing to oversee ongoing administrative changes in City;
- Completion of the General Plan and of the Visioning process report;
- Finalization of Sewer Master Plan;
- Implementation of Gold Rush Ranch Project

**Budget Changes for Upcoming Year:**

- None noted

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$13,300	\$15,650	\$15,800
Services & Supplies	5,950	9,100	3,200
Transfers & Allocations	6,792	6,792	7,634
	\$26,042	\$31,542	\$26,634

## CITY CLERK

The City Clerk is an elected position with a four (4) year term. The principal responsibility of the City Clerk is to attend all City Council meetings and recording minutes and actions of the City Council. The City Clerk is responsible for the filing and safe-guarding of all City ordinances, resolutions, minutes, contracts, and agreements. The City Clerk is also responsible for assuring compliance with the Brown Act (Open Meeting Law). With no staff or resources allocated to the City Clerk's budget, the City's Administrative Services Department fulfills all but the official acts of the City Clerk, such as signing all adopted ordinances and resolutions.

### Major Projects or Programs for Upcoming Year

- Update and codification of City's Municipal Code

### Budget Changes for Upcoming Year

- Additional funding for municipal code update

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$3,770	\$3,800	\$3,750
Services & Supplies	360	300	300
Transfers & Allocations	1,294	1,294	0
	<u>\$5,424</u>	<u>\$5,394</u>	<u>\$4,050</u>

## CITY TREASURER

The City Treasurer is an elected position with a four (4) year-term. The Treasurer is responsible for all investment accounts of the City and those responsibilities which are typically not delegated to the Finance Officer. The Treasurer pays warrants signed by any two of the following: Mayor; Vice-Mayor; City Clerk; or Treasurer.

### Budget Changes for Upcoming Year

- None noted

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$2,300	\$2,300	\$2,350
Services & Supplies	0	0	0
Transfers & Allocations	0	0	0
	<hr/>	<hr/>	<hr/>
	\$2,300	\$2,300	\$2,350

## CITY ATTORNEY

The City Attorney is appointed by and serves at the pleasure of the City Council. The City Attorney advises all officers and employees of the City relating to all legal matters pertaining to the business of the City. The City Attorney acts as primary provider of legal services and counsel to the City Council and City staff. The City Attorney represents the City in all litigation to which it may be a party; drafts legal and official documents for presentation to the City Council; and coordinates legal services of special counsel.

### Budget Changes for Upcoming Year

- All City Attorney costs for upcoming year allocated thru Risk Management ISF

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	0	0	0
Transfers & Allocations	0	0	0
	<hr/>	<hr/>	<hr/>
	\$0	\$0	\$0

Please refer to Risk Management Department budget under the Internal Service Funds allocations.

**CITY MANAGER**

The City Manager is appointed by the City Council and is the Chief Administrative Officer of the City. The City Manager is responsible for the enforcement of all laws, ordinances, contracts, and managing the acquisition, construction, maintenance and operation of all capital improvements. The City Manager advises the City Council on the financial condition of the City. The City Manager makes recommendations to the Council on the affairs of the City and advises the Council on all legislative policy matters. The City Manager supervises all of the appointed department managers, except the City Attorney who is appointed by the City Council. The City Manager is responsible for the efficient and effective operation of all City department programs and services.

The budget year just completed was a successful year for the City as a whole and for specific departments of the City. Over the year, many varied projects were completed by the City staff. Listed below are many of the accomplishments of this last year:

**Past Year Accomplishments**

- Successful negotiations with employee units to bring forward balanced budget;
- Balanced budget approved by Council with targeted contingency amount;
- Expense control to prevent over spending;
- Continuing oversight and facilitation of various commercial projects;
- Continued establishment of key administrative policies
- Sutter Hill East Annexation oversight
- Beginnings of WWTP and ARSA mast plan update process
- Release of RFPs for several City services

**Major Projects or Programs for Upcoming Year**

- Complete WWTP and ARSA Master Plans
- Continuing oversight and facilitation of various commercial projects;
- Continue expense control to maintain balanced budget with targeted contingency
- Continue to review opportunities for staff realignment and RFPs
- Implementation of Gold Rush Ranch Project

**Budget Changes for Upcoming Year**

- No major changes.

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$69,743	\$70,321	\$54,606
Services & Supplies	5,200	6,400	6,700
Transfers & Allocations	19,224	19,224	25,984
	\$94,167	\$95,945	\$87,290

Portions of the City Manager’s Department are allocated thru the Internal Service Funds charges.

## FINANCE

The Finance Department plans, directs, and coordinates the fiscal affairs of the City in accordance with specific objectives established by legal and professional standards. It provides for the maintenance of the City's financial records, develops related systems and provides management with information necessary for sound fiscal decisions. This includes appropriation control, cost and revenue accounting, accounts receivable, utility billing, payroll, accounts payable, and business licensing. The Finance Department is also responsible for the investing and safeguarding of the City's cash in accordance with City Council investment policies.

### Past Year Accomplishments

- Budget format revision
- Consolidation and elimination small funds
- Converted the Finance Director position from employee to contractual provider
- Assisted City Manager with RFP evaluations
- Assisted City Manager with ongoing budget maintenance

### Major Projects or Programs for Upcoming Year

- Continue Chart of Accounts revision
- Revise the Financial Reports for Department Directors
- Develop Capital Improvement Plan and Long Range Fiscal Plan
- Assist the City Council Finance Committee in developing long-term financial strategies
- Incorporate internal control recommendations from the prior year auditor
- Document and develop a Finance Department Accounting manual
- Continue to re-organize the Finance Department function

### Budget Changes Requested for Upcoming Year

- A greater amount of the department is being charged to functions outside the General Fund

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$6,575	\$4,188	\$5,693
Services & Supplies	10,500	11,400	16,500
Transfers & Allocations	7,267	7,267	4,080
	<u>\$24,342</u>	<u>\$22,855</u>	<u>\$26,273</u>

A significant portion of this department is allocated thru the Internal Service Fund charges.

**POLICE DEPARTMENT**

The Police Department's primary responsibilities are to respond to crime related issues, both reactively and proactively. Reactively, we respond to crime scenes, investigate and record facts, gather evidence, identify and apprehend criminal suspects, and prepare cases for prosecution in court. The general types of crimes we typically respond to are; burglaries, both residential and business, reports of child abuse, domestic violence, sexual assaults, narcotics enforcement, traffic collisions, traffic violations, abandoned vehicle abatement, and response to citizens requests for a variety of services related to keeping the peace and preserving life and property, as well as assisting persons in distress.

Proactively, we work with diverse neighborhoods, educating people in crime prevention, crime reporting, school programs and neighborhood meetings. Our goal is to work with the community in order to impact and reduce the number of incidents of crime, thereby maintaining safe neighborhoods.

**Past Year Accomplishments**

- Maintained full time police coverage with reduced resources
- Successful arrests made in several significant crimes
- Improvement of Department’s visibility in community
- Continued participation in Department of Justice Narcotics Task Force Grant
- Continued participation in State COPS Grant

**Major Projects or Programs for Upcoming Year**

- Improve the Department’s visibility and promote greater public awareness on police efforts
- Continue to provide fulltime police protection and with reduced resources
- Continue participation in Department of Homeland Security Recovery Program Grant
- Continued participation in State COPS Grant

**Budget Changes Requested for Upcoming Year**

- Elimination of revenue from Department of Justice Narcotics Task Force Grant

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$496,383	\$488,307	\$570,827
Services & Supplies	162,650	158,050	159,200
Equipment & Capital Items	4,000	4,000	0
Transfers & Allocations	141,676	141,676	161,272
	\$807,709	\$792,033	\$891,299

All or a portion of three police positions are being funded by State and Federal grants.

## POLICE PROGRAMS FUNDED BY INDIAN GAMING GRANTS

State-wide, Indian Tribes operating gaming facilities in the state finance various programs through a grant award process. This funding assists communities for operating and capital projects items that have a correlation to the affects of the gaming facilities near their communities. Periodically (not every year), the City of Sutter Creek is awarded funding. This past year, the grant award system allocated \$64,600 to the City for Police staffing costs and Police capital equipment. The budget below shows the appropriations for these items. The capital outlay amounts are specified on the table below and the funding of staffing is shown as a transfer cost since the funding is only temporary for the upcoming year. By the staffing cost as a transfer item, the City avoids moving the staffing costs back and forth from the temporary funding.

### Upcoming Year Major Projects or Programs

- Assist in funding staffing costs for seven day a week police patrol services. Without such funding, staffing could not continue at the current service level.
- 
- Fund police vehicles and equipment

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$0	\$0	\$0
Capital Outlay	0	0	34,000
Transfers & Allocations	0	0	30,600
	<u>\$0</u>	<u>\$0</u>	<u>\$64,600</u>

## **COMMUNITY DEVELOPMENT**

The Community Development Department is comprised of the Community Development Division and the Building Inspection Division. The Department is responsible for the development, administration, and enforcement of current and long range land use and development programs for the City. The Department provides support to the Sutter Creek Planning Commission.

### **Building Regulation**

This division is responsible for enforcement of codes, laws and regulations governing all building construction and modifications. The Division's work load has been accommodated by a part-time inspector, but is facing a major increase in the number of inspections to be performed.

### **Planning**

The Community Development Division is responsible for the development and administration of current and long range land use planning programs for the City. Developments of long range planning programs are guided by the City's General Plan (updated in 1992) and other land use regulatory documents. The Division is responsible for processing development applications accommodating growth and development. Divisional activities include research, analysis, and preparation of reports designed to accommodate growth and development which is beneficial to the City's long term economic, social, and environmental conditions.

### **Past Year Accomplishments**

- Continued work on the residential development applications and proposals of boundary line adjustments, parcel maps, Use Permits, Record of Surveys, and Sign Applications
- Successful processing of Fresh & Easy grocery store site plan
- Sutter Hill East Sphere of Influence Amendment Application to LAFCO - Approved
- Sutter Hill East Reorganization/Annexation Application to LAFCO – Approved
- Sutter Hill East Sewer & Storm Drain Rights of Entry Agreements

### **Upcoming Year Major Projects or Programs**

- Continue planning processing of residential development applications and proposals of boundary line adjustments, parcel maps, Use Permits, Record of Surveys, and Sign Applications
- Continue planning processing of Development Applications
- General Plan Update as funding allows

**COMMUNITY DEVELOPMENT (Continued)**

**Budget Changes Requested for upcoming Year**

- Assimilation of more of planning staff time from City (as opposed to reimbursement)

**Building Regulation Budget**

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	0	0	0
Services & Supplies	10,000	14,000	15,000
Transfers & Allocations	0	0	0
	<u>\$10,000</u>	<u>\$14,000</u>	<u>\$15,000</u>

**Planning Budget**

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$56,336	\$56,841	\$72,912
Services & Supplies	38,350	39,350	39,150
Transfers & Allocations	18,458	18,458	16,699
	<u>\$113,144</u>	<u>\$114,649</u>	<u>\$128,761</u>

## **PUBLIC WORKS**

### **Administration, Engineering and Maintenance.**

These Divisions are responsible for planning, maintaining, operating, and inspecting infrastructure systems and managing capital improvements to these systems. Public Works Functions include: Streets, Water System, Wastewater System, Lighting and Landscaping, Storm Drains, Landfill, and Maintenance of all City properties. The Divisions' responsibilities are described below.

#### **Administration & Engineering Division**

Administration oversees the management, supervision and coordination of the Department including the preparation and monitoring of operating and capital improvement budgets. This division is responsible for planning, organizing, implementing and evaluating the various Public Works functions and activities, including administrative and clerical activities. Administration is also responsible for managing the development of capital Master Plans and the solid waste reduction program. Engineering is responsible for the operation of engineering functions, including: development services; capital project design; construction inspection; and, traffic engineering.

#### **Maintenance Division**

This division is responsible for the operation and maintenance of our street system, water system, wastewater system, storm drains, Street Lighting, City landscaping, City buildings and properties.

**Streets:** The Street system includes signs and markings, city trees, future traffic signals, and parking lots. There are approximately 22 lane miles of streets.

**Water System:** The water system responsibilities include the operation and maintenance of the water system including: water wells; water service installations; water distribution system maintenance; and, water quality testing and reporting. There are approximately 20 miles of water distribution lines, 5 wells, and 2 water storage tanks (non- operational).

**Wastewater System:** The operation and maintenance responsibilities for the wastewater system includes: the sewage collection system maintenance; sewage system installation; and, wastewater treatment facility operation and maintenance (contracted). There are approximately 23 miles of sewer distribution lines, and 2 pump stations.

**Lighting and Landscaping:** These are the responsibilities for the maintenance functions associated with the Citywide Lighting and Landscaping District, including the maintenance of sound walls, median islands, parks, street lighting (PG&E maintained), curbside landscaping, Riparian area maintenance, and bank stabilization.

**Building and Property Maintenance:** Responsibilities include the maintenance functions associated with buildings (and properties not covered by other Public Works units) including City Hall, Public Works corporation yard, Community Center, Police station, and the landfill. Programs include maintenance and repair of plumbing, electrical, and HV AC systems to insure building integrity and appearance. Equipment services include vehicle and construction equipment maintenance and repair.

**Storm Drains:** Responsibilities cover the operation and maintenance of the storm drainage system including collection lines, catch basins, curb inlets, ditches, and detention ponds.

## **PUBLIC WORKS (Continued)**

### **Past Year Accomplishments**

- Sewer Plant operational issues continue to be improved
- Beginning implementation of Sewer System Management Plan (SSMP)
- Several emergency collections system repairs
- Increased flood control work throughout City

### **Upcoming Year Major Projects or Programs**

- Continuation of implementation of SSMP
- Resolution of ongoing sewer plant issues

### **Budget Changes Requested for Upcoming Year**

- Increased costs for SSMP
- Employee cost allocations shifted

**Public Works Division Budget - (General Fund Portion)**

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$27,725	\$29,654	\$16,800
Services & Supplies	18,200	20,800	14,400
Transfers & Allocations	15,085	15,085	17,504
	<u>\$61,010</u>	<u>\$65,539</u>	<u>\$48,704</u>

**Streets & Roads Maintenance Budget**

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$17,902	\$18,314	\$0
Services & Supplies	10,000	10,900	0
Transfers & Allocations	13,034	13,034	0
	<u>\$40,936</u>	<u>\$42,248</u>	<u>\$0</u>

**Public Works Division Budget - (Gas Tax Portion)**

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$0	\$0	\$15,425
Services & Supplies	0	0	5,500
Transfers & Allocations	0	0	0
	<u>\$0</u>	<u>\$0</u>	<u>\$20,925</u>

**Streets & Roads Maintenance Budget - (Gas Tax Portion)**

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	50,500	49,000	56,300
Transfers & Allocations	0	0	0
	<u>50,500</u>	<u>\$49,000</u>	<u>\$56,300</u>

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## RECREATION DEPARTMENT

The principal purpose of the Recreation Department is to plan, conduct, supervise and evaluate various recreation programs including swimming, dance, drama, martial arts, men's basketball, youth basketball, co-ed volleyball, outstanding youth award, special interest classes, and community events. Two major functions are the Community Center operations and the Swimming Pool programs. The Community Center program includes a diverse array of leisure, environmental, social, Human Service, general service, educational, cultural and recreational activities. The City uses the Sutter Creek High School pool for the summer recreation program. The Summer Swim programs offered are: swim lessons - from Parents and Tots through to Intermediate Lessons; water aerobics; lap swim; open swim; and, lifeguard certification.

### Past Year Accomplishments

- Expand existing recreational programs through Amador County Recreation Agency (ACRA).

### Upcoming Year Major Projects or Programs

- None noted

### Budget Changes Requested for Upcoming Year

- Reduced staffing for recreation programs and reduced Summer Pool Operations
- Returned contribution level to ACRA to prior year level

### Parks & Recreation Budget

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$20,280	\$21,936	\$0
Services & Supplies	45,670	48,520	65,400
Transfers & Allocations	11,992	11,992	3,624
	<u>\$77,942</u>	<u>\$82,448</u>	<u>\$69,024</u>

### Swimming Pool Budget

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$30,212	\$24,200	\$30,000
Services & Supplies	6,100	3,770	6,300
Transfers & Allocations	0	0	0
	<u>\$36,312</u>	<u>\$27,970</u>	<u>\$36,300</u>

## COMMUNITY PROMOTIONS

The City uses a separate budget program to account for contributions to support groups that make significant contributions to the community by administering various service programs for local residents. Some examples include the Sutter Creek Visitor Center that promotes tourism for the community and the Monte Verde store.

### Budget Changes Requested for Upcoming Year

- None noted

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	\$71,900	\$71,900	\$71,900
Transfers & Allocations	0	0	0
	<hr/> \$71,900	<hr/> \$71,900	<hr/> \$71,900

**CEMETERY**

The City uses this budget program to track and account for maintenance costs related to the cemetery.

**Budget Changes Requested for Upcoming Year**

- None noted

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	\$3,000	\$3,000	\$3,000
Transfers & Allocations	0	0	0
	<u>\$3,000</u>	<u>\$3,000</u>	<u>\$3,000</u>

## SEWER TREATMENT

The City uses this budget program to track and account for costs related to the operation of the sewer treatment plant.

### Budget Changes Requested for Upcoming Year

- Modification of employee cost allocations
- Begin the repayment of funding advance by the Highway Relinquishment Fund

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$198,568	\$195,948	\$172,721
Services & Supplies	619,600	628,400	636,100
Debt Service	0	0	100,000
Transfers & Allocations	33,694	28,526	39,282
	<u>\$851,862</u>	<u>\$852,874</u>	<u>\$948,103</u>

**SEWER COLLECTION**

The City uses this budget program to track and account for costs related to the collection of affluent and maintaining the facilities used for such collection purposes.

**Budget Changes Requested for Upcoming Year**

- Increased staffing for SSMP implementation
- Increased contract services for SSMP implementation

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$76,563	\$77,979	\$119,798
Services & Supplies	87,195	87,195	137,945
Capital & Equipment	31,000	31,000	0
Transfers & Allocations	79,027	73,859	79,351
	<u>\$273,785</u>	<u>\$270,033</u>	<u>\$337,094</u>

**SEWER WCRF**

The City uses this budget program to track and account for costs related to the collection of affluent and maintaining the facilities used for such collection purposes.

**Budget Changes Requested for Upcoming Year**

- None

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	0	0	0
Capital & Equipment	\$30,000	\$30,102	\$0
Transfers & Allocations	0	0	0
	<hr/> \$30,000	<hr/> \$30,102	<hr/> \$0

**SEWER LINE REPLACEMENT**

The City uses this budget program to track and account for costs related to the replacing sewer lines.

**Budget Changes Requested for Upcoming Year**

- None.

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	0	0	0
Capital & Equipment	\$25,000	\$25,000	\$75,000
Transfers & Allocations	0	0	0
	<hr/> \$25,000	<hr/> \$25,000	<hr/> \$75,000

**SEWER DEBT SERVICE**

The City uses this budget program to track and account for costs related to the payment of interest and principal on outstanding sewer debt.

**Budget Changes Requested for Upcoming Year**

- None noted

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	0	0	0
Debt Service	\$45,000	44,295	43,655
Transfers & Allocations	0	0	0
	<hr/> \$45,000	<hr/> \$44,295	<hr/> \$43,655

**INTERNAL SERVICE FUND- HUMAN RESOURCES FUNCTION**

The City uses this Internal Service Funds (ISF) to allocate costs related to the Human Resource function. This function includes the administering of employee relations, employee benefits, hiring, recruitment, and employee discipline. Costs are allocated on the basis of personnel costs by fund as a percentage of aggregate personnel costs across all funds. Only a portion of these costs are attributed to the City’s General Fund.

**Budget Changes Requested for Upcoming Year**

- A greater portion of administrative costs have been identified to be related to Human Resources and in turn are being distributed to all City operations.

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$29,459	\$18,700	\$30,630
Services & Supplies	0	0	43,500
Transfers & Allocations	0	0	5,000
	<u>\$29,459</u>	<u>\$18,700</u>	<u>\$79,130</u>

**INTERNAL SERVICE FUND- CENTRAL SERVICES FUNCTION**

The City uses this Internal Service Funds (ISF) to allocate costs related to the general administrative function not captured by the other Internal Services Fund. This function includes general supplies, general equipment leasing, the City's annual audit and other miscellaneous expenses. Only a portion of these costs are attributed to the City's General Fund.

**Budget Changes Requested for Upcoming Year**

- Employee cost allocations modified

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$77,480	\$98,644	\$91,082
Services & Supplies	56,065	119,200	128,100
Capital Outlay	800	800	7,500
	<u>\$134,345</u>	<u>\$218,644</u>	<u>\$226,682</u>

**INTERNAL SERVICE FUND- FACILITIES MANAGEMENT**

The City uses this Internal Service Funds (ISF) to allocate costs related to the maintenance and upkeep of City buildings and properties. This function includes utilities, building and grounds maintenance. Only a portion of these costs are attributed to the City’s General Fund.

**Budget Changes Requested for Upcoming Year**

- This fund has been incorporated into each department budget as appropriate

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	2011-12 Adopted Budget
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	33,950	24,850	10
Capital Equipment	5,000	5,000	0
	<u>\$38,950</u>	<u>\$29,850</u>	<u>\$0</u>

**INTERNAL SERVICE FUND- INFORMATION SYSTEMS**

The City uses this Internal Service Funds (ISF) to allocate costs related to maintaining the City’s information systems, computers, communications systems and website. This function includes the replacement of old equipment, telephones, radios, support services and licensing. Only a portion of these costs are attributed to the City’s General Fund.

**Budget Changes Requested for Upcoming Year**

- This fund has been incorporated into Central Services

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	\$26,350	\$26,350	0
Capital Equipment	5,000	5,000	0
	<u>\$31,350</u>	<u>\$31,350</u>	<u>\$0</u>

**INTERNAL SERVICE FUND- VEHICLE MAINTENANCE**

The City uses this Internal Service Funds (ISF) to allocate costs related to the maintenance and upkeep of City vehicles. This function includes the cost of fuel, vehicle repairs, vehicle acquisition and replacement. Only a portion of these costs are attributed to the City's General Fund.

**Budget Changes Requested for Upcoming Year**

- This fund has been allocated to each department budget as appropriate

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$0	\$0	\$0
Services & Supplies	37,010	\$6,000	0
Lease Payments	10	0	0
	<u>\$37,010</u>	<u>\$6,000</u>	<u>\$0</u>

## INTERNAL SERVICE FUND- RISK MANAGEMENT

The City uses this Internal Service Funds (ISF) to allocate costs related to the processing, filing, and responding to claims against the City. This function includes the cost of City staffing involved in processing claims, the City Attorney and liability insurance. Only a portion of these costs are attributed to the City's General Fund.

### Budget Changes Requested for Upcoming Year

- Nothing noted

Description	2010-11 Prior Year Budget	2010-11 Prior Year Projected	<b>2011-12 Adopted Budget</b>
Salaries & Benefits	\$17,327	\$15,100	\$12,302
Services & Supplies	122,803	\$100,600	\$105,500
Capital Equipment	0	0	0
	<u>\$140,130</u>	<u>\$115,700</u>	<u>\$117,802</u>

## **GENERAL BUDGET INFORMATION**

### **Budget Document Overview**

The annual budget serves as the City's fundamental policy document and works as a financial plan and guide for the upcoming year. In addition to its function as a resource and spending plan for the city, it informs the public about the City's financial strategies. The City Manager submits a preliminary budget in June of each year to the City Council. The preliminary budget document includes the projected expenditures and the estimated revenues to be used to finance the expenditures. After a period of review, the City Council may revise the submitted preliminary budget and adopt the document as its proposed spending plan for the upcoming year. Typically, this entire process occurs prior to the July 1<sup>st</sup> of each year. The City's fiscal year begins on July 1st and ends the following June 30th.

After adoption of the original annual budget, transfers of appropriations within a General Fund department, or within other funds, can be made by the City Manager. Budget modifications between funds; increases or decrease to a fund's overall budget, transfers between General Fund departments; or transfers that affect capital projects, must be approved by the City Council. Council approved budget amendments can be made throughout the year. At the conclusion of the fiscal year, the City practices issuing a set of audited financial statements that include presentations of the City's original adopted budget, its amended budget and comparisons of actual expenditures versus budget.

The City maintains budget control at the fund level and any changes or transfers at the fund levels require City Council approval. The City Manager is authorized to transfer budget allocations between accounts and departments, but not between funds. Position Control In approving the annual budget, the City Council approves staffing levels for each job classification for the City. Additions to the staffing levels require City Council approval along with corresponding changes in budget appropriations. The City Manager is authorized to adjust part-time staffing levels dependent on fees received for the services provided (e.g. building inspections paid by building permits).

### **City Government**

The City of Sutter Creek is a general law city and employs the Council/Manager form of government. The Sutter Creek City Council consists of five members, elected at-large for four-year terms (two members at one election, three members at the following election). After each Council election, the Council members appoint a Mayor for a one-year term and a Vice-Mayor for a one-year term. The City Council acts as the legislative and policy-making body for the City.

The Council appoints the City Manager, City Attorney, and all members of the various boards and commissions which serve in an advisory capacity to the City Council. The Council sets policy on all public matters relating to the City of Sutter Creek, and adopts an annual budget in which the year's approved programs, projects, and services are financed. The City Council periodically establishes city-wide goals and updates the General Plan and Zoning Ordinance as needed. The City Clerk and the City Treasurer are elected for four year terms.

The City Council appoints a City Manager who serves as the chief executive of the City organization. Except for those positions that the City Council chooses to hire or appoint directly, the City Manager hires and fires all of the other City employees and oversees the day to day management of the City.

## **CITY'S FINANCIAL MANAGEMENT**

### **Fund Accounting**

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Some funds are established to track activities required by law (i.e. Gas Tax fund), some fulfill revenue requirements (grant funds), while others demonstrate prudent administrative practices (such as self-insurance funds for liability).

Other balances may result from legal requirements, such as payment of long term debts for bonds. Lastly, each city should set aside a portion of their General Fund balance for a "prudent reserve". Such a reserve provides options for the city to meet unexpected changes in its financial picture. Examples could include a downturn in the economy, an unanticipated cost increase, catastrophic losses, or other unforeseen circumstances.

### **Financial Practices**

The City maintains a written Investment Policy for the investing and management of idle City money. This policy is used to guide City officials and staff in regards to preserving the City's financial resources. The policy is consistent with State statutes that pertain to the investment function.

Each year, the City Council Finance Committee sets a goal of contingency funding in the operating budget of the General Fund. This year's presented General Fund budget includes a contingency amount for unforeseen expenses. City staff must obtain City Council approval prior to using any contingency amounts.

For the upcoming year, City staff will be working with the Finance Committee to develop a Five Year Capital Improvement Plan and long range financial strategy. In future years, the Capital Improvement Plan will lay down a timeframe and strategy for funding significant projects that are consistent with the City's General Plan and other long term master plans like the Sewer Master Plan.

### **Revenue Base and Projections**

There are five major revenue sources that comprise more than 74% of the City's discretionary General Fund revenue. The "big five" revenues are property tax, sales tax, motor vehicle in-lieu fees and the Transient Occupancy Tax.

Property tax revenue derives from a one-percent tax levy on the assessed valuation of real property within the City of Sutter Creek. The assessed valuation is equal to the market price when real estate is sold, but limited by the State Constitution (Proposition 13) to a 2 percent annual increase thereafter. This has the effect of limiting growth in this revenue source to less than the average inflation rate unless 1) property is resold in an appreciating real estate market, or 2) significant new development activity services to bolster the remaining stagnating tax base. Compounding the vagaries of Proposition 13, in early 1990's the State legislature shifted property

taxes away from cities and counties throughout the state to provide funding for schools. The so-called Educational Revenue Augmentation Fund (ERAF) shift represents a loss of General Fund property tax revenue to the City.

Significant residential development projects have started the development process; however, much of that development will not produce additional property tax revenues for several years. The major developments will include financial analyses that will analyze the additional City revenues and expenditures necessary to support those developments. Non-residential development has been slow and future development will be dependent upon the increased customer and labor base created by the new residential developments.

Sales tax revenue derives from one percent of the sales price on taxable products sold within the City of Sutter Creek. The City and surrounding area customer base will not support "big box" or mall type development. Increases in sales tax revenues will be based on the gradual commercial/retail development that accompanies the residential development.

## FUNDS OVERVIEW

This section describes the types of funds used in the City's finances, an All Funds Schedule, a Fund Balance Report, and the General Fund Revenues. Fund accounting is central to governmental budgeting. With each fund representing a self-balancing set of revenue, expenditure, and transfer accounts. Certain funds have varying levels of restrictions, imposed either by legal requirements or policy choices, and as such, it can be helpful to a broad overview of the City's finances to show summaries of different funds. The City's funds are grouped into seven basic types:

General	Debt Service
Special Revenue	Internal Service
Capital Project	Fiduciary
Enterprise	

**The General Fund** is the primary revenue source and operating fund for most services cities typically offer. These include public safety (police and fire), street maintenance, parks and recreation and neighborhood and community services, etc. In addition, the City Council, City Manager's Office, Finance and City Attorney budgets are predominantly funded by the General Fund. These activities are financed through general tax dollars from sales and property taxes, motor vehicle in-lieu fees, the municipal service tax, and by revenues generated from permits, fees and Investment earnings.

**Special Revenue Funds** account for activities funded by special purpose revenue, that is, revenues that are legally restricted to expenditure for a specific purpose. Many of these funds have grant-based revenues, which may only be spent under specific guidelines. Most of the federal, state and county grants the City administers are included in this category.

**Capital Project Funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds such as the Sewer Funds). One example of these is the City's Traffic Mitigation Fund.

**Enterprise Funds** account for City activities, which operates as public enterprises. Revenues come from fees charged to programs, customers or other department users. Enterprise funds, which provide for sewer and water services are proprietary funds. So are internal service funds, which fund programs that provide services to other city departments, such as Equipment (which functions as an internal "rental agency" to City Departments). Proprietary revenue fees and charges are generally established at a level that will recover the costs to provide that service for the current fiscal year plus amounts to be set-aside in reserve for replacements. The City currently has a sewer enterprise fund, which represents separate business activities of the City. The sewers protect public health and preserve water quality through the collection, treatment and disposal of the community's wastewater and wastewater solids.

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments to agencies of the City, or to other governments, on a cost-reimbursement basis. The City currently does not have any Internal Service Funds (ISF); however, it is recommended that the City analyze implementing Equipment and Central Service Overhead ISF.

Central Services – This Fund provides for the effective management of supplies and various services used by all departments of the City. This allows management better cost control in a variety of areas and helps maintain compliance with the City's purchasing policies.

Risk Management –This Fund provides for a centralized funding mechanism which protects the City's assets through a comprehensive Risk Management Program. The total cost of the Fund is charged to the departments through their risk management line-item charges. The General Liability Insurance Fund is comprised of four programs: Liability Premiums, Liability Claims, Property Premiums, and Other Premiums. Liability Premiums include premiums and broker services, and Liability Claims provides claims and claims investigation. Also included in this Fund are Property Premiums, which includes property appraisal fees, premiums for property, and boilers and machinery; and Other Premiums, such as volunteers and faithful performance.

Building Maintenance Fund (**Fund closed for FY 2011-12**) –This Fund provides for the maintenance of general government buildings. Overall, the Public Works Department administers this Fund. Park, Recreation and Community Services handles a portion of funds designated for park facilities projects.

Information Systems Fund (**Fund closed for FY 2011-12**) –This Fund provides for the management of the City's network, and telecommunications equipment and services. Coordination of information technology resources is accomplished through such services as administrative support, technical services, software applications acquisition, and telecommunications. The department's expenditures include personnel costs, operating supplies, contractual services, and such capital equipment as computers and other hardware and software.

Human Resources Fund –This Fund provides for the management of the City's Human Resources function. This includes personnel management, management of employee benefit programs, payroll preparation and the supplies associated with the support of these functional activities.

**Debt Service Funds** track revenues and expenditures related to repayment of principal and interest costs associated with borrowing money for long-term obligations. The reader can find a separate debt service schedule in this budget that provides detail on all outstanding debt owed by the City.

**Fiduciary Fund Types** are used to account for assets held by the City as an agent or trustee for individuals, private organizations, other governments and/or other funds. These include Agency and Expendable Trust Funds. Agency funds are custodial in nature (assets and liabilities) and do not involve measurement of results of operations.

## DEBT DETAIL

### Sewer Bond:

Initial amount:	\$850,000
Annual Payment:	\$8,000 - \$43,000 Principal & Interest
Term:	40 years Final Payment Due May 1,2037
Balance (June 30, 2011):	\$673,000

Payments are made from a separate charge to all Wastewater customers.

# APPENDIX A

## Glossary

## GLOSSARY

A city budget contains specialized and technical terminology that is unique to public finance and budgeting. Therefore, a glossary is provided to help the reader understand terms and vocabulary that are used in this document or that may be discussed during the budget process. Useful terms relevant to the budget process and/or city government are included.

APPROPRIATION:	An authorization made by the City Council which permits the city to incur obligations and to make expenditures or resources.
ASSESSMENT DISTRICT:	Not a separate governmental entity, but rather a defined area of land which will be benefited by the acquisition, construction, or maintenance of a public improvement.
BENEFITS: INSURANCE	Cost to the city for insurance benefits for all regular full time employees. This includes the city's cost for health, dental, disability, life, and workers' compensation insurance.
BENEFITS: LEAVE TIME	Compensation for all leave time to employees who are appointed to regular full time positions.
BENEFITS: RETIREMENT	Cost to the city for Public Employees' Retirement for all regular full time employees. The city participates in the California Public Employees' Retirement System (PERS).
BUDGET RESOLUTION:	The official enactment by the City Council to establish legal authority <i>for</i> city officials to obligate and expend city resources and funds.
BUDGETARY CONTROL:	The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.
CAPITAL IMPROVEMENT PROJECTS:	A plan for capital expenditures to provide long-lasting physical improvements to be incurred over a period of several future years.
CAPITAL OUTLAY	Purchase of equipment (including vehicles), tools, and furniture having a value of \$3,000 or more and a normal useful life of two years or more.
CONTRACTUAL SERVICES:	Expenditures for services which are obtained by an expressed or implied contract or services which are of such nature that they normally would be obtained by such binding services, maintenance and repair services, auto body work, professional service, public utility services, and travel and transportation services.
DEPARTMENT:	A separate major administrative section of the city which

indicates overall management responsibility for a group of related operations within a functional area. The city's structure has twelve departments.

- DEVELOPMENT IMPACT FEES:** Fees placed on the development of land or condition required for the approval of a development project. Fees must be expended on those projects for which the fees were collected.
- DIVISION:** A major section of a department indicating management responsibility for a group of related operations within that department.
- ENTERPRISE FUND:** A governmental accounting fund in which the services provided are financed and operated similarly to those of private business. The rate schedules for these services are established to ensure that the revenues are adequate to meet all necessary expenditures.
- ENCUMBRANCE:** An anticipated expenditure committed for the payment of goods and services not yet received or paid for. Typically used to show that the city has signed a contract and has obligated funds to pay for goods and services to be received, and paid for, later.
- EXPENDITURE:** Refers to the outflow of funds paid for an asset obtained or goods and services obtained. This term applies to all funds. Expenditures are recorded in the city's financial records when the payments were made and are dated when the goods, services, or assets were received.
- GASOLINE TAX:** A tax on fuel used to propel a motor vehicle or aircraft. Its use is restricted to planning construction, improvement, maintenance, and operation of public streets and highways or public mass transit systems.
- IN-LIEU TAXES:** Cities may charge a public enterprise (such as the City Water Enterprise) a fee in lieu of taxes. This is the equivalent of what a private enterprise would be charged for property taxes to pay for city services such as public safety.
- MELLO-ROOS COMMUNITY FACILITIES TAX:** A special tax imposed to finance public capital facilities and services in connection with new development. May be used for the purchase, construction, improvement, expansion or rehabilitation of any real or tangible property. It may also finance certain services including emergency services, recreation and cultural programs, and library services.
- MOTOR VEHICLE LICENSE FEE (VLF):** Based on the market value of a vehicle, VLF is a fee for the privilege of operating a vehicle on public streets. A portion of the fee is returned to cities by the State and its use by a city is unrestricted.

REVENUE:	Funds that city receives as income. Revenues include such items as taxes, licenses, user fees, service charges, fines and penalties, and grants.
SOURCE OF FUNDS:	Identifies which revenues the city will use to pay the expenditures of each department. Some department budgets include revenues from one or more sources, which legally, may only be used for specific purposes, while others rely more heavily on the city's General Fund which may be used for any appropriate purpose.
SUPPLIES/SMALL EQUIPMENT:	Items purchased that have a unit value of less than \$3,000 regardless of normal useful life of less than 2 years.
TEMPORARY PART TIME:	Describes the job status of an employee as one who works less than full time and in a transitory position.

# APPENDIX B

## Budget Detail Operating Funds